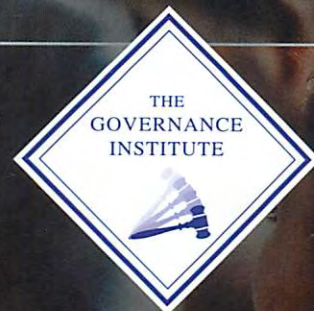


BoardRoom Press

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The Power of Reflective Questions

Healthcare's New Environmental Imperative: What Board Members Need to Know

SPECIAL SECTION

The Future of Healthcare Is Digital

Executive Succession Planning: Strategic Considerations

ADVISORS' CORNER

Changing Demographics: Creating Your Next-Generation Board

New Directions



I am writing this on the morning of the last day of our September Leadership Conference in Colorado Springs, culminating several days of speakers, board members, and executives coming together to learn and bring home key takeaways.

A theme that resonated with me was around the notion of mission-driven healthcare. As outside disruptors such as Amazon, Google, private equity, and countless others try to get the most profitable pieces of the healthcare pie, there is a risk that patients will no longer be cared for by mission-driven organizations. Among the many things that make non-profit healthcare different, the charitable mission

of caring for all regardless of their ability to pay becomes ever more essential. The people who make up these non-profit healthcare organizations are centered around doing what is right for patients, families, and communities. This is not to imply that the non-mission driven organizations are not focused on those things, but they do not have any particular obligation to put those things first before profits. The speakers continue to challenge our audience to have the courage to disrupt from within, and move now, to protect this mission-driven delivery system.

There are mounting challenges facing non-profit hospitals and health systems, but the energy here at the conference is optimistic. If you were not able to attend, please be sure to view the videos of select sessions. We can partner with you to create a set of action items based on what you learn that is customized to your organization's strategic challenges.

We are also moving in new directions at The Governance Institute, with a new leader at the helm, Steve Kett. Steve is not new to us as he has been moderating our conferences and collaborating with us on strategic ideas for many years. We are excited to take this opportunity to innovate and accelerate our own delivery of leading-edge governance education to you and your board. We welcome your feedback as always. Please email me anytime at kpeisert@governanceinstitute.com.

Kathryn C. Peisert

Kathryn C. Peisert,
Editor in Chief & Senior Director

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The Power of Reflective Questions

By Myron D. Lewis, M.S.W., FACHE, Blanchard Valley Health System



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Hospitals and health systems are extremely complicated, highly regulated, and ever-changing. Long gone are the days when an individual can be an expert in all areas, including the CEO. Being a healthcare board member can be a humbling experience, especially for an individual who has already achieved success in their career. It takes time to understand the complexities of a health system; yet, the governance journey can be extremely rewarding, yielding insights that help a director grow professionally and personally.

Strong governance is a delicate balance that eventually comes down to the degree to which board members create a transparent, accountable, and strategic environment as they formulate solutions to a host of challenges and opportunities. There are many meeting best practices for board members, from using humble inquiry when asking a question, to setting aside personal agendas and recognizing conflicts of interest. Harnessing various tools helps advance the dialogue and, ultimately, the organization.

One of the most powerful tools board members bring with them to the governance process is the ability to ask exceptional, transformative questions. As Louis Pasteur once said, "Chance favors the prepared mind." This article highlights three questions for board members to pause and reflect on before adding their voice to the dialogue: Does it need to be said? Should it be said now? Does it need to be said by me?

Does It Need to Be Said?

Considering if your question needs to be said is the first step to making sure your potential inquiry brings clarity, adds value, and aligns with the meeting objectives. In doing this, you can avoid a redundant discussion, respect the group's time by keeping the dialogue at the right level, and ensure conversations remain productive.

A key factor involves knowing the difference between management



Myron D. Lewis, M.S.W., FACHE
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and governance. For example, asking about the color selection in the hallway is a management question; asking how design themes are considered and implemented across the system is a governance question. Likewise, it can be easy to chase a shiny object in a meeting. This is especially true when you have an emotional connection or reaction to a topic. This can quickly lead the board meeting agenda down a rabbit hole and limit the available time to address key items. Asking the simple question, "Does it need to be said?" helps you reflect on the significance of your query.

One of the most powerful tools board members bring with them to the governance process is the ability to ask exceptional, transformative questions.

Should It Be Said Now?

The second self-exploring question helps you decide if your inquiry is relevant now or if it would be better to ask later in a different setting. In considering this, you are assessing the priority of your question in the context of the meeting. How important is the question to the topics at hand? Do you need to know the answer before making a decision or are you just curious and want to learn? Certainly, if you need the information to make a decision, proceed with asking your question. If curiosity is the motivation, you could ask a peer, the board chair, or a member of management during a break or after the meeting. Learning happens both within the boardroom and outside, and leveraging both environments can be rewarding.

Does It Need to Be Said by Me?

The third question ensures you are not monopolizing the meeting, coming across as omniscient, or commanding or diminishing the energy. Bringing your expertise and value is not achieved from the volume of questions you pursue, but

Key Board Takeaways

Introspection is a key attribute of a healthcare board or committee member for promoting effective meetings and decision making. Prior to raising a question, first pause and ask yourself:

- Does it need to be said?
- Should it be said now?
- Does it need to be said by me?

rather the quality of the conversation brought to bear.

If you are not an expert, or if you want to recognize the expertise of someone else, you can direct a question accordingly. For instance, consult the expert on your board: "Sarah, you are a quality engineer. I am curious what you may be seeing as potential risks?" Not only is this respectful, but it also helps avoid unnecessary tangents. This also encourages the board to look to the most knowledgeable person to bring expertise and insight for decision making. It is an inclusive approach that honors the diverse strengths of the board.

Once you have verified through reflection that you have a pertinent question, you will be better prepared to ask it in a conscientious and concise manner. The delivery is important, as it leads to the destination of decision making, with meaningful conversation along the way.

In summary, board members bring incredible value to an organization as they navigate the ever-changing healthcare landscape. This value is often a response to questions that drive healthy and productive dialogue, and lead to more powerful answers and decisions. Through introspection and asking the questions highlighted above, board members can develop succinct and powerful questions that ignite conversation and create a transparent, accountable, and strategic environment.

In today's healthcare landscape, your questions are more important than ever in developing strong, meaningful, and forward-thinking discussions with lasting impacts.

The Governance Institute thanks Myron D. Lewis, M.S.W., FACHE, President and CEO, Blanchard Valley Health System, Findlay, Ohio, for contributing this article. He can be reached at mlewis@bvhealthsystem.org.

Healthcare's New Environmental Imperative: What Board Members Need to Know

By Andrew N. Garman, Rush University and Geneva Sustainability Centre, and Seema Wadhwa, Kaiser Permanente

Between the air pollution from Canadian wildfires to excess heat waves, relationships between the natural environment, our changing climate, and human health have become increasingly apparent. While the health harms from these events are experienced across regions, the impacts disproportionately affect vulnerable populations such as children, pregnant women, the elderly, the disabled, communities of color, and low-income communities.

Ensuring your organization has a robust strategy in place to reduce the environmental harms of its operations and to both prepare for and manage impacts from climate change is critical to sustainable business in our changing climate. Many strategies for reducing environmental impacts also yield cost savings and even employee engagement payoffs. It is not only about safeguarding our environment—it is about sustaining a resilient business model in a changing climate. From both risk and benefit perspectives, it is imperative that board members keep apprised of changing expectations and opportunities for their health systems. This article provides a short primer for healthcare boards.

The Call to Action on Climate and Health

In 2015, the United States government joined 196 countries in signing the Paris Agreement, committing in principle to reduce carbon emissions in order to limit global warming to no more than 1.5 degrees Celsius. As global temperatures surpass 1.5 degrees Celsius, the increasingly dire consequences of climate change on health become evident, with intensified heatwaves, increased vector-borne diseases, and disrupted

food and water sources leading to widespread health crises.

The health sector is responsible for 8.5 percent of all U.S. emissions and is also at risk from climate-caused disasters

themselves. Disruptions to continuity of operations from extreme events include risks of power outages, water shortages, damage to buildings and equipment, disruption of supply chains, and impacts on staffing.

Hospitals may also need to expand their capacity and

services to meet increased demand for care resulting from climate-related illnesses and injuries. For example, one recent payer claims analysis estimated that heat event days may be responsible for almost 235,000 emergency department visits and more than 56,000 hospital admissions, which in turn creates additional financial impacts estimated to be over \$1 billion.¹

Navigating a New Era

In 2021, at the United Nations Climate Change Conference in Glasgow, Scotland (COP26), the U.S. joined 60 other countries in committing to transition their health sectors to low-carbon, climate-resilient health systems. At the event, the U.S. announced efforts specifically for VA and federal healthcare facilities. This was followed in 2022 with the Health and Human Services (HHS) "Health Sector Climate Pledge," a voluntary pledge for the private healthcare sector to reduce greenhouse gas emissions by 50 percent by 2030 and achieve net-zero emissions by 2050. At the time of this writing, over 15 percent of U.S. hospitals have committed to this pledge.

Other market forces are also creating opportunities and pressures for healthcare decarbonization. For instance,

Key Board Takeaways

- Has the board been educated on climate change, its effect on the healthcare sector, and organization-specific concerns? Only a well-educated board can truly understand climate change's impact and ask smart questions in the boardroom.
- Does the board receive regular updates on the organization's sustainability progress? Boards need to be informed of this progress, as well as how the organization's performance compares to peers and industry best practices.
- Do we have a robust governance structure that oversees climate change and health matters? For example, some healthcare organizations achieve this through the work of a board committee or senior executive.
- Is our organization involved in any climate change initiatives? The board should advocate for initiatives that support the transition to a low-carbon and resilient healthcare sector.

consumers are increasingly demanding more sustainable and socially responsible products and services; lenders are supporting green financing; insurers are incorporating climate risk into their premiums and policies; regulators are imposing stricter environmental standards and reporting requirements; and competitors are differentiating themselves by their environmental performance and reputation.

Guiding Health Systems Toward a Sustainable Future: How Boards Can Respond

Board members have a vital role in ensuring health systems are in sync with this new environmental imperative and not exposing their operations to risk. Below are some of the most important steps boards can take:

- Seek regular updates on sustainability progress, including performance compared to peers and industry best practices.
- Raise questions about environmental impacts if not already discussed, focusing on concerns addressed in community health assessments, environmental dimensions in community health plans, and public reporting

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1 Steven Woolf, et al., "The Health Care Costs of Extreme Heat," Center for American Progress, June 27, 2023.

The Future of Healthcare Is Digital

By Brian Silverstein, M.D., Innovaccer

Over the past decade, the healthcare industry has pursued two parallel evolutionary tracks—one toward digitization and the other toward value-based care. Unfortunately, the digitization track has not fully supported all the capabilities (such as interoperability) needed to evolve toward value. It's time to bring these two evolutionary paths into greater alignment so that providers can succeed in value-based arrangements and improve the health and wellness of their patient populations.

In industry after industry, digitization has transformed the consumer experience, making processes easier and faster (for consumers and workers), expanding convenience and choice, enhancing consumer engagement, surfacing market demands, and providing valuable data that improves performance. In contrast, healthcare's first wave of digitization, which focused on the EHR, fortified the traditional fee-for-service (FFS) reimbursement business model, secured data in silos, complexified processes, increased burdens on workers, and did little to improve patient experience and outcomes.

Value-based care and population health require a profound shift from "sick care" services and internal administrative priorities toward health and wellness services and consumer priorities. This is necessary for several reasons. Under FFS sick care medicine, overall healthcare costs continue to grow unsustainably without achieving exponential improvements in health outcomes. Meanwhile, patients are increasingly motivated by consumer priorities, such as convenience, service, and price, to seek alternatives for their care. And major competitors, such as CVS, Amazon, and United Health/Optum, are rapidly positioning themselves to take ever-more market share from hospitals and physician clinics.

The shift to value and population health is only possible at scale, however, through contemporary digital technology. For that reason, we are in the relatively early stages of the next great wave of digital transformation today.

If health systems are to transition from the current "sick care" system to one more focused on health outcomes, patient/clinician experience, optimal business performance, and growth, then boards must own this vision. That means making the right technology investment decisions, developing supportive performance measures, and guiding executive teams in redesigning organizational functions and adopting new business models.

That's a heavy lift for many health system board members, particularly those at not-for-profit organizations who are traditionally concerned with fundraising, community representation, and gaining support for new facilities. This article provides a framework to help board members with their digitization journey.

92 percent of Americans say changes are needed [to our healthcare system]. And a majority of Americans want either major changes or a complete overhaul of the system.¹

Healthcare's Second Wave of Digitization

More than a decade ago, health system boards faced another momentous technology decision related to digitization. Which EHR technology platform should they adopt? The federal government allocated tens of billions to encourage health systems, hospitals, and providers to adopt EHRs.² It worked. As of 2021, nearly four in five physician offices (78 percent) and nearly all non-federal acute care hospitals (96 percent) have an EHR system. This is up from 2011, when 28 percent of hospitals and 34 percent of physicians had an EHR system.³ And while the investment and impact was significant, the choice was fairly simple: Epic, Cerner, or one of the other top 10 EHR systems.⁴

Thus began the first wave of digitizing healthcare data. Instead of pushing health systems towards value,

Key Board Takeaways

- Make consumer experience, convenience, engagement, and value central factors in technology investments. Meeting consumer expectations is key to competing with disruptive new entrants.
- Adopt technologies that create a seamless patient experience, enabling data to follow the patient across all care settings. This improves care coordination.
- Re-evaluate the technology strategy and investment framework to align with the health system's vision for value-based care and population health.
- Set goals and performance metrics to track the health system's transition to value-based care and adoption of supporting technologies. Regularly assess progress.
- Evaluate how investments in interoperable technologies can support both fee-for-service and value-based care models during the hybrid transition period.
- Use dashboards and analytics to gain real-time insights that support proactive interventions and care management at the point of care.
- Consider whether to build, buy, or partner for new technologies. Building requires competencies and becoming best-in-class. Buying may bring integration challenges. Partnering offers flexibility.

population health, and consumerism, however, this digitization journey helped hospitals wall off their patient data in silos. That's because EHR systems were built primarily to process claims data for volume-based reimbursement, and not to share clinical data and enhance care coordination.

In essence, EHRs put reimbursement, not the patient, at the center of care. The unintended consequences have been significant. Think of your own experience as a patient. Every trip to the hospital, ER, or clinic requires you to enter your personal data over and over again. Information doesn't readily follow you from encounter to encounter. And if you need to seek treatment or testing outside of the four walls of the clinic or hospital, your information is basically locked away and unavailable.

The experience is no better for clinicians and administrative workers.

¹ Christine Herman, "Americans Want a 'Complete Overhaul' of Healthcare System, National Survey Says," NPR, February 10, 2020.

² Brian Schilling, "The Federal Government Has Put Billions into Promoting Electronic Health Record Use: How Is It Going?," The Commonwealth Fund.

³ The Office of the National Coordinator for Health Information Technology, "National Trends in Hospital and Physician Adoption of Electronic Health Records."

⁴ Definitive Healthcare, "10 Most Common Inpatient EHR Systems by Market Share."

In fact, the first wave of digitization has increased, rather than eased, the burden on clinicians. Instead of focusing on the patient, the doctor is focused on data entry, and that labor continues long after clinical hours are over. Workflows are also clunky and labor-creating rather than labor-saving. That's not the way digital technology was supposed to work, and the strain on systems and people only grows with population health.

As a result, we are undergoing another great wave of investment in digital technology today. The first responsibility of the board is to make sure this wave positions the health system for success in value-based care, population health, and with healthcare consumerism and consumers, while also enhancing profitability in the legacy FFS system.

Digitization is the enablement factor for that change because it gives clinicians and administrators the capability and capacity to better understand patients and their needs. This enables them to provide more personalized care at scale and be proactive rather than reactive in preserving patient health and wellness, while mitigating or preventing existing conditions from becoming more acute.

We are undergoing another great wave of investment in digital technology today. The first responsibility of the board is to make sure this wave positions the health system for success in value-based care, population health, and with healthcare consumerism and consumers, while also enhancing profitability in the legacy FFS system.

A Seamless Patient Experience through Unified Patient Data

EHRs can't provide those kinds of data-management capabilities. Instead, a unified data platform is needed to aggregate disparate data sources and process those data streams to make data normalized, accessible, and actionable.

With a unified health data platform, hospitals can exponentially expand their



use cases to unlock other drivers of performance. This includes developing better clinical insights, establishing new engagement strategies, coordinating care more effectively, reducing errors, increasing automation, improving reporting, and, ultimately, improving patient quality and outcomes that generate cost savings.

Getting there requires bridging a very big gap. But the necessary technologies for such an infrastructure exist now. The question is, how can they be assembled?

Many organizations, especially health systems, have an understandable desire to keep their technology with the same vendor because that creates accountability around modules working and talking together. The biggest game changer in this digitization wave is interoperability because it allows technology modules to work together across platforms. Think of how the iPhone operating system enables apps to work on the same device while accessing new data channels and tapping the user's unified data source.

Similarly, a digital health data platform allows health systems to stay with their existing EHRs while leveraging new modules and solutions that can communicate and work together, tap the same data sources, and continue to aggregate new data into unified patient records.

We have seen how digital interoperability works in other industries, such as air travel. All airlines use Sabre Global Distribution System, which used to be owned by American Airlines, but is now a freestanding company that manages inventory and back-end processing. Airline customers don't log into the back-end systems. Instead, they employ a variety of easy-to-use apps to make reservations, check flight status, and so on. In healthcare, we can apply the same notion. We don't have to swap systems to create a different patient experience.

We just need to build on and extend existing systems and focus on the customer or patient journey.

How does a platform bridge the gap between front-end and back-end technology differently than a software database? Software, by and large, is programming that works within a database. And that database is designed and only works within that software. But a *data platform* allows you to take a database and use it for multiple applications, through multiple different organizations, as opposed to just being proprietary to one. It enables other companies to build software products for the same database architecture and infrastructure.

Millions of patients today already receive better care as a result. The aim is to extend seamless care for patients regardless of who they are, where they seek care, whether they access it through virtual or physical channels, and which doctors they see.

A digital health data platform allows health systems to stay with their existing EHRs while leveraging new modules and solutions that can communicate and work together, tap the same data sources, and continue to aggregate new data into unified patient records.

Proof Points: Improved Outcomes with a Data Platform

A Midwest ACO achieved primary care services and reduced readmissions by using a digital data platform. It

is one of the largest accountable care organizations (ACOs) in the Midwest with more than 400 different locations, 300,000 patients, and over 20 different value-based care arrangements. It's very complicated for organizations of this size to manage many different sites of care and arrangements. In a traditional sense, there would be a variety of different, uncoordinated handoffs. Information would be locked in one system, so that when a patient receives care from one site to another, their complete record would not be able to be seen.

This ACO was able to share patient information across the ACO network by leveraging a data platform. In doing so, there are now automated and efficient patient assignment processes. As a result, care management staff can be

assigned to specific patients to monitor and coordinate with the care team in real time. Further, they can track outcomes and create personal care plans that enable care managers to plug gaps in care. They have reduced readmissions by more than 7 percent. And they now have the ability to generate better patient outcomes and cost savings.

This cross-organization coordination also enables an increase in primary care services. Primary care traditionally accounts for a very small percent of the total spend, and increases in primary care services can result in fewer admissions and less costly care down the road.

A Chicago-based health system simplified data aggregation and lowered costs through coordinated data. This health system entered their risk tracks in the early 2000s through a Medicaid health plan partnership. They then entered the Medicare Shared Savings Program in 2012 and moved into downside risk in 2018. The health system had been thinking about all their different payer arrangements, and how they can ultimately transform care and harmonize the variety of different arrangements that they have.

In 2018, the health system turned to a cloud-based data platform to simplify their data aggregation process. Their source data came from various EHRs, but the platform also took in claims data, care management data, and social determinants of health data to be aggregated and normalized.

Pulling that disparate data together ultimately allowed a more efficient and longitudinal view of the patient. As a result, care managers could work with a comprehensive view of the patient to better track appointments, medications, and documentation across multiple engagements, outreaches, and payer contracts. Patients ultimately started seeing better outcomes and, again, the organization saw more cost savings.

A Washington-based ACH created integrated dashboards to provide a real-time 360-degree patient view. This Accountable Community for Health (ACH) was able to integrate a variety of community data resources, creating dashboards that could be managed more specifically, drilled down to the patient level, and ultimately get to point-of-care insights. This holistic patient data made it possible for the data platform to engage providers at the point of care with a pop-up message that essentially asked,

“Hey, have we thought about this for this patient?” Providers could then address potential care gaps they might not have otherwise recognized.

With that data platform, providers were able to intervene at bedside and achieve better outcomes. As a result, they were able to make better referrals and better coordinate care, generating substantial cost savings of over \$6 million. In such a way, data platforms enable automation that simplifies, rather than creates additional burden for providers, while improving outcomes and reducing costs.

Big Board Decisions

To ride the second wave of digitization, the board has a number of major decisions to make:

1. What is our mission and vision, and how does value-based care, population health, and consumerism fit into them? What goals should we establish to meet our vision, and how do we measure our progress?
2. How do we currently evaluate technology investments (ROI/time horizon), and will that framework support technology investment decisions in line with our mission and vision?
3. How do we manage risk today, and do we have the competencies to manage risk at a much greater scale? How much of operations should be devoted to value-based care, and how fast should that transition be made? What's an appropriate timeline?
4. How will the adoption of digital technologies that support value-based care and population health affect the current healthcare model? A winning model will likely be a hybrid of digital platform, virtual channels, and brick-and-mortar infrastructure that encompasses both FFS and value-based contracts, and is flexible enough for all markets. How will this support the health system's current strategy and need for growth and revenue? What traditional thinking needs to change?
5. Should the organization build, buy, or partner to create its new technology portfolio?
 - » A health system that decides to build a technology solution must be confident that it can be best-in-class, and that the resources devoted to the endeavor aren't better used elsewhere. A good question to ask is: If we build X, can we turn it from a cost center to a profit

center by selling that solution to other providers?

- » Buying raises other questions. Is it less costly to buy than to build or partner? How strategically important is the solution? Can a purchased solution be relied upon for years to come, or will it become obsolete and need to be swapped out before the investment pays off?
- » Partnering offers leading technology with flexibility and access to ongoing service and expertise. How do those long-term costs compare to building or buying a similar solution? Does the partner's vision for care align with the health system's own? Will the relationship with the partner create a long-term strategic advantage? Will the partner's solutions work and play well with existing systems and capabilities? What's the partner's plan for evolving and developing its solution, and how will that affect our organization?
- 6. What is the optimal internal leadership structure for executing a new digitization strategy? Does the organization need a holistic or integrated view of all technology versus a department-by-department approach? Can the chief technology officer assess, adopt, and apply new technologies that are beyond current EHR-centric capabilities? Should technology directors continue to report individually to the CFO or operate more as a team?

Perhaps the biggest question should be: Will your technology investment dramatically enhance your ability to innovate in service of the patient while also improving organizational performance?

Conclusion: The Innovation Imperative

Health system boards are often risk averse—and for good reason. They tend to be reluctant to make dramatic course corrections and major capital decisions, believing that change in healthcare takes decades, and organizations that are primarily FFS-based must adopt a deliberate transition to value- and risk-based contracting, testing the waters with small segments of the patient population. But this can put them in a vulnerable position as the value tsunami grows.

The Future of Healthcare is Digital

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The truth is that health systems today must function in both FFS and population health worlds at once, and the percentage of risk-based models in that mix is going to increase over time. Fortunately, this wave of new digital technology encompasses and supports strategies that enable consumerism and population health. In both cases, the central concern is the individual patient—whether that patient is visiting the hospital for an emergency or scheduled procedure, or part of a large cohort of people grappling with chronic illness or behavioral health challenges.

The future of healthcare technology is the digital singularity—a system and a platform built around and in service of the consumer/patient.⁵ In every consumer-facing industry, the consumer is a key driver of innovation. What does the consumer want? What do they need?

What enhancements would increase the value of our services? What would make the consumer's experience better, less costly, and more convenient? These are questions that health systems must learn to ask and address frequently.

Perhaps the biggest question should be: Will your technology investment dramatically enhance your ability to innovate in service of the patient while also improving organizational performance?

With the benefit of hindsight, think of that question in the context of your EHR. It's unlikely that many health system leaders see the EHR as a driver of innovation that improves outcomes and experience. That's because EHRs created, preserved, and fortified data silos rather than enabling data to be shared across the organization. Despite that, no health system would give up its EHR. They were and remain a necessary first step, if not a

giant leap, in the digitization journey. But the EHR is not the end state.

There's one more thing the board needs to do to make this contemporary digitization journey worthwhile. With the right technology in place, imbue the organization with a culture of innovation. It must be okay to move fast. It must be okay to fail—not in health outcomes, of course, but in solutions, services, new approaches, and new strategies. After all, failure spurs learning. And if the patient is at the center of those efforts, then more often than not, the health system and the patient will win.

The Governance Institute thanks Brian Silverstein, M.D., Chief Population Health Officer, Innovaccer, and Governance Institute Advisor, for contributing this article. He can be reached at brian.silverstein@innovaccer.com.

5 Abhinav Shashank, "The Coming Healthcare Singularity," Innovaccer, August 9, 2021.

Healthcare's New Environmental Imperative...

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on environmental stewardship. Example questions include:

- » How are environmental concerns addressed in our community health needs assessments? Is there an environmental dimension to our community health improvement plan?
- » Do we report on environmental stewardship as part of our public reporting?
- » Has organization leadership evaluated participation in the HHS pledge? If so, what barriers are seen to participating?
- Initiate board education sessions to foster understanding of climate change's scientific basis, trends, health effects, and mitigation solutions that incorporate climate and health considerations.²
- Establish a robust governance structure overseeing climate change and

health matters, possibly through a board committee or senior executive. Ensure their responsibilities include the development and implementation of a comprehensive climate action plan that covers both mitigation and adaptation goals, targets, policies, programs, metrics, and reporting.

- Advocate for initiatives that support the transition to a low-carbon and resilient healthcare sector, such as the Health Sector Climate Pledge,³ the VA decarbonization goals,⁴ or the Clean Energy Standard.⁵
- Share your organization's achievements and lessons in tackling climate change and health to foster mutual learning and improvements.

Leading for a Healthier Future

Addressing climate change's impact on health is a complex and evolving issue that requires leadership, collaboration,

innovation, and action from the healthcare sector. As a board member, you have the opportunity and the responsibility to guide your organization towards a more sustainable and resilient future that benefits your patients, your staff, your community, and your bottom line.

The Governance Institute thanks Andrew N. Garman, Professor at Rush University and Senior Leadership Development Advisor at the International Hospital Federation's Geneva Sustainability Centre, and Seema Wadhwa, Executive Director, Environmental Stewardship at Kaiser Permanente, for contributing this article. They can be reached at andy_n_garman@rush.edu and seema.s.wadhwa@kp.org.

2 For example, the International Hospital Federation has workshops and trainings specifically for healthcare leaders that build awareness and action for sustainable health systems.

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Executive Succession Planning: Strategic Considerations

By Andrew P. Chastain, Megan Hay, and Susan M. Snyder, WittKieffer

Succession planning presents a perplexing paradox: most organizations and their leaders believe in it, yet few do it well—if they do it at all.¹

Healthcare is no exception. In our previous article, we cited statistics indicating only half of healthcare boards have a formal CEO succession plan though the overwhelming majority feel it's important to do.² The percentage of industry organizations conducting succession planning for executives and strategic positions beyond the CEO is even lower—30 percent according to one source.³

Why is there such a gap between intention and execution? For starters, it can be uncomfortable. For boards, executive succession planning can elicit uneasy conversations with those individuals tabbed as integral to the future of their organizations and, certainly, with those not included in succession activities (who will wonder why). COVID-19 forced many hospital and health system boards to table “non-essential” matters, and today boards are understandably preoccupied with pressing workforce, technology, financial, and other challenges. For one reason or another, most boards simply don't make talent succession a priority.



They should. Leadership succession planning is a strategic imperative, especially in tough times. It ensures retention of institutional knowledge, boosts morale and retention, and mitigates the effects of a sudden or unanticipated vacancy in a mission-critical position. As such, it should be pinned to the board's agenda as an ongoing pursuit—a journey—punctuated by annual or even quarterly reviews and revisions.

Boards must recognize that talent considerations impact every key strategic decision. There must be a traceable link between strategy, organizational capabilities, mission-critical roles, and talent.

An Investment in the Future

Leadership succession planning makes sense from a pure talent development and retention standpoint. Three-quarters of executives feel they have inadequate development opportunities.⁴ Poor development leads to job failure and turnover—which is inordinately costly at the leadership level—as well as to ineffective leadership transitions.⁵ Thoughtful succession planning provides the impetus for intentional, structured professional growth and advancement opportunities for an organization's high-potentials and key executives.

The more compelling argument for strategic succession planning is its inextricable link with strategy. Strategic planning allows organizations to make “trajectory-bending moves” to dictate their futures,⁶ but those moves require the right people in the right places. Boards must recognize that talent considerations impact every key strategic decision. There must be a traceable link between strategy, organizational capabilities, mission-critical roles, and talent. As strategy changes, looking

Key Board Takeaways

- Executive succession planning takes time and energy but is a critical activity for boards to keep on their agendas.
- Succession planning both requires and enables strategic planning. Talent plays into every decision an organization makes to meet its current and future objectives.
- Boards should prioritize defining organizational capabilities and key roles. They must identify which positions will truly add value to the organization going forward, then find the right individuals for those roles.
- Boards should involve all members in succession efforts, drawing on their diverse perspectives as a way of building alignment.
- Executive succession planning isn't aimed at perfection, but at consistent strategic planning and implementation for your most critical resource: the executives who drive your business and your mission.

intently at the organizational capabilities needed to achieve the strategy translates to revisiting key roles and talent review.

Prioritize Mission-Critical Roles

How can the board help maximize the success of succession planning efforts? For starters, think *roles* rather than *individuals*. What positions, competencies, and experiences will add uniquely important value in the next three to five years, given your strategy and context? These roles will often be different than the composition of your current leadership team; some may not yet exist or may reside several levels below the top leadership tier.⁷

An example of this in healthcare is a digital officer position. Many hospitals and health systems have yet to adopt this position; however, given the sheer magnitude of influence digital tools, technologies (e.g., telehealth and artificial intelligence), and data are having on organizations' futures, most boards will need to incorporate a Chief Digital Officer or similar title into their

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succession planning efforts. The same goes for specialists in, for example, risk/compliance, mergers and acquisitions, strategy and transformation, clinical leadership, or any number of other areas. The key here is to focus on the roles that accelerate your organizational capabilities (such as digital, M&A, etc.) given your strategy.

Once mission-critical roles have been defined, it is imperative to then fill those roles with exceptional talent. Strategy comes first, then roles to enable strategy, then the right people to execute against those roles to accelerate organizational impact.

"Reallocating talent to the highest-value initiatives is as important as reallocating capital," McKinsey & Co. says. "This is not an annual exercise: it is a never-ending, highest-priority discipline." *The best organizations make talent placement review a quarterly activity*, McKinsey's research determined. Further, it found reallocation of high-performing executives to critical strategic roles made an organization twice as likely to outperform its market competition.⁸

Steps for Getting Started

The following are suggestions for how healthcare boards can jump-start their leadership succession efforts:

- **Start now.** It may be baby steps at first but put executive succession on your agenda and discuss it within the context of your strategic planning efforts.

Seek outside advice if necessary. First priorities include allocating resources, developing processes, and designating timelines and milestones.⁹

- **Determine which roles hold strategic significance.** This is, at its essence, a strategy exercise. Are your board, CEO, and the executive team aligned on the must-win battles for your strategy? What are the implications for critical organizational capabilities: the things that enable your institution to respond to increased complexity and deliver unique value to your constituents? What are the A (and B and C) positions in terms of strategic value in the short and long term for your organization?
- **Involve the right resources.** The board should engage its entire membership in executive succession efforts—because this is a strategic exercise. In many boards, the nominating/governance or compensation committee, or even a designated succession committee, will take the lead. The CEO and CHRO are central characters, of course. The CFO can be as well, as generating human capital requires financial capital. More and more, organizations use this imperative to align the executive team, while building their capability.
- **Objectively identify your strategic players.** These are the people with the potential and interest to fill your mission-critical roles. Using

a combination of career conversations, performance reviews, talent assessments, and 360-feedback helps ensure decisions are not made purely on current performance, but future potential. Consider how to add strategic talent through recruitment, if necessary. (A caveat: Don't forget about your strategic B and C players—they still play a role in your organization's future, and you must find a way to continue to acknowledge their value.)

- **Make development impactful.** Leader development should include a mix of three Es: Experience, Exposure, and Education, in that order of priority.¹⁰ More and more, as complexity and executive burnout rise, the time spent on coaching and mentoring makes the difference—and is all too often overlooked.
- **Don't try to be perfect.** Don't expect it to work all the time, says former Henry Ford Health CEO Nancy Schlichting. Some leaders designated for development won't pan out or will leave before they fulfill their strategic destiny within your organization. That's okay, Schlichting argues, as long as the overall succession process produces net benefits to individuals and organizational strategy.¹¹

An Essential Practice

Healthcare boards confront special challenges with executive succession planning, and they have an obligation to their leadership teams and broader constituents to do it right. With strategic success so dependent upon having the right people in the right positions, succession planning should be a mandatory activity that boards embrace as fundamental to good governance.

The Governance Institute thanks Andrew P. Chastain, President and CEO of WittKieffer, Megan Hay, Principal in WittKieffer's Leadership Advisory solution, and Susan M. Snyder, Executive Partner for WittKieffer's Leadership Advisory solution, for contributing this article. They can be reached at andrewc@wittkieffer.com, mhay@wittkieffer.com, and ssnyder@wittkieffer.com.



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its services are likely to be dramatically different from today.

Avoid falling into the trap of thinking, “We may sacrifice competency for diversity.” Quite the opposite is generally the case. A Columbia University study found that companies with more Gen Xers on their boards perform significantly better than their peers.⁸ Additionally, numerous studies of corporate boards have concluded that adding diverse, qualified directors who can introduce new views, perspectives, and approaches to problem-solving can significantly improve board decision making.⁹

Ramp Up Generational Diversity

The governance committee will need to incorporate new approaches to attract both Gen Xers and millennials to board service. The Gen X population is now the age that traditionally has been a prime target for board recruitment. Millennials, those born between 1981 and 1996, are a very large and diverse group—outnumbering even the baby boomers—that hold longer-term potential for cultivation and engagement for future board membership.

Recommended Approaches

- **Don’t overlook Gen Xers.** Gen Xers often get short shrift, sandwiched between baby boomers and millennials. While millennials get most of the limelight, Gen Xers are characterized as being entrepreneurial but interested in work-life balance; they often bring excellent leadership skills and are very confident digitally.¹⁰
- **Seek younger directors with expertise.** There are many areas—such as consumerism, disruptive technologies, population health, or addressing health disparities—where younger directors could bring valuable contemporary skills to the table.
- **Recognize and embrace generational differences.** Each generation has differing priorities from the generations that preceded and often from those that follow them. Appreciate the value of different approaches and perspectives in the boardroom; be open

to changing how the board does its work that would benefit all members (for example, shorten materials and reporting to allow for greater dialogue and collaboration).

Ramp Up Racial and Ethnic Diversity

Governance committees also should focus more intentionally on ensuring that the board reflects the communities it serves, especially in terms of race and ethnicity. According to The Governance Institute’s 2023 survey, boards have been making slow but steady progress in enhancing ethnic diversity; however, 37 percent of boards still have no members from an ethnic minority.¹¹

A more ethnically diverse board is likely to enhance the board’s understanding of its patients, its staff, and the community at large.

Recommended Approaches

While every hospital/health system market has its own unique racial and ethnic demographic makeup, the following guidelines are generally applicable:

- **Create a culture supportive of diverse perspectives and new approaches to solving problems.** Without this, you will not be able to attract those individuals you most want.
- **Plan way ahead.** Virtually every organization is trying to diversify its leadership talent: seeking out those from diverse backgrounds with senior-level experience in the corporate world or major not-for-profit organizations. Such individuals often are already overcommitted between their professional lives and volunteer service. Your best chance of a successful recruitment is to identify such individuals early—perhaps five or more years prior to when they would have the time to serve—and get them engaged in the short term with the organization, perhaps serving on an advisory group.
- **Avoid a “check the box” mentality.** Take the time to rigorously interview all board candidates to determine that each could live out your organizational values while contributing unique skills and perspectives that will enhance



board decision making. Expect current board members and the CEO to participate in such recruiting interviews before finalizing a slate of nominees.

- **Deploy new approaches to identifying candidates.** Traditionally, many boards relied upon current directors to identify potential board candidates. This networking approach may not be sufficient to identify qualified candidates from diverse backgrounds. Branch out to statewide, regional, and local corporations and community organizations—including universities—to identify talented candidates who may otherwise be invisible.

Like any challenge, the best approach to achieve and maintain greater board diversity is for the board to create a long-term plan for board recruitment and development. Focus your plan on 2030 and beyond and use it as the basis for short-term recruiting. Simultaneously, create or revamp a robust 12–18 month onboarding process to help all new board members be able to fully contribute their talents to the board as quickly as possible.

The Governance Institute thanks Marian C. Jennings, M.B.A., President, M. Jennings Consulting, and Governance Institute Advisor, for contributing this article. She can be reached at mjennings@mjenningsconsulting.com.

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Changing Demographics: Creating Your Next-Generation Board

By Marian C. Jennings, M.B.A., M. Jennings Consulting

Move over boomer." I confess: I am a baby boomer, part of the enormous post-World War II generation that, for decades, has dominated corporate and not-for-profit board leadership. According to The Governance Institute's 2023 biennial survey, the median age for hospital and health system board members is 60 years;¹ and according to a 2022 American Hospital Association survey, nearly 20 percent of such board members are baby boomers age 71 or older.²

I'm also non-Hispanic White, like nearly 60 percent of 2022 U.S. residents.³ However, this ethnic group represents 80 percent of voting board members for health systems and hospitals.⁴

Finally, I am female, like a slight majority of the U.S. population, but only one-third of voting hospital or health system board members.⁵

"Demographics Is Destiny"

The quotation "demography is destiny" often is attributed to a 19th-century French philosopher, Auguste Comte. While perhaps overly simplistic and overstated, there is no question that

the size, age, race, ethnicity, and gender of the population—commonly referred to as demographics—impact not only the health needs of the community but also the types of board leaders needed in organizations devoted to improving the health of those they serve.

This article focuses on what these demographic changes mean for board recruitment and development. The board should focus equal attention on the challenges that changing demographics portend for future service delivery.

Changing Demographics: 2020–2030

The U.S. Census Bureau projects that between 2020 and 2030:

- The so-called "Silver Tsunami" will gain momentum, with an increase of 30 percent or 17 million persons over 65 years of age in the decade. In 2030, the youngest baby boomers will be 66 years old.⁶
- Gen Xers, those born between 1965 and 1980, will be 50 to 65 years old

Key Board Takeaways

- Time is of the essence to map out your long-term board recruitment and development strategy.
- Create a culture supportive of diverse perspectives and new approaches to solving problems.
- Avoid falling into the trap of thinking that you may sacrifice competency for diversity.
- Deploy different recruitment strategies that identify qualified board candidates who would otherwise be invisible.
- Implement new approaches to attract both Gen Xers and millennials to board service.
- Avoid a "check the box" mentality.

in 2030. The population in that age cohort is projected to be 5.9 percent smaller in 2030 than at the start of the decade.

- The U.S. will be a more racially and ethnically pluralistic country. While still remaining the single-largest racial and ethnic group, the non-Hispanic White population is projected to experience no population growth in the decade. Population growth is projected to occur primarily through increases in numbers and percentages in the Hispanic population (projected to increase by 20 percent) and the Black population (projected to increase by 10 percent).⁷

Time is of the essence to map out your long-term board recruitment and development strategy. If you have not already done so, devote time this year for the governance committee to describe your ideal board 10 years from now, when most if not all of your current members will have termed out. Include both the desired mix of needed future competencies (skills, expertise, and experience) and demographic characteristics (age, gender, ethnicity, and race). Consider new competencies that likely will be needed on the board in 2030 and beyond, when your organization and

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